Temporary Assistance to Needy Families Working Connection Child Care WorkFirst

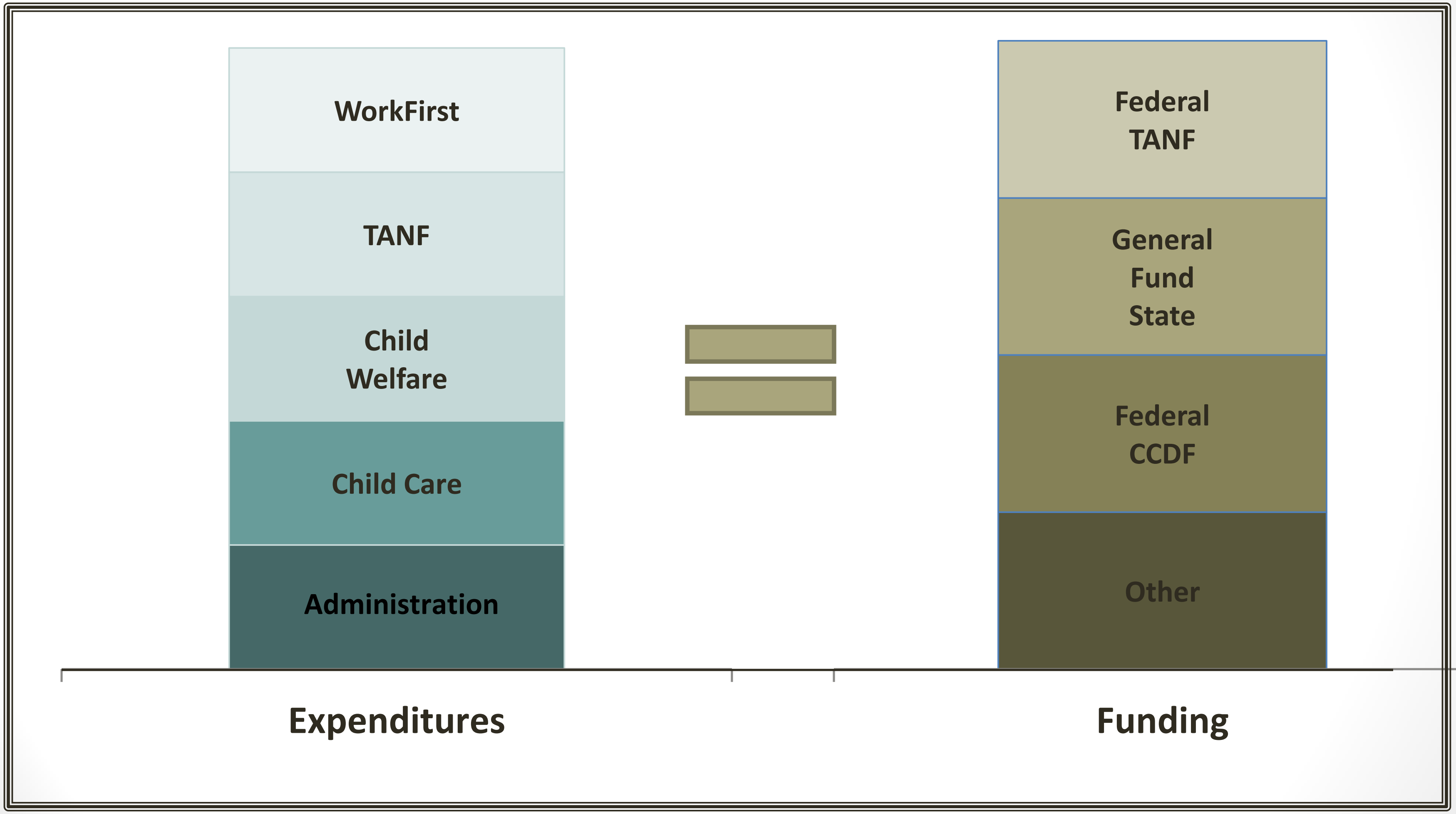
Staff Briefing

Prepared by Senate Ways & Means Staff

History of TANF/WCCC

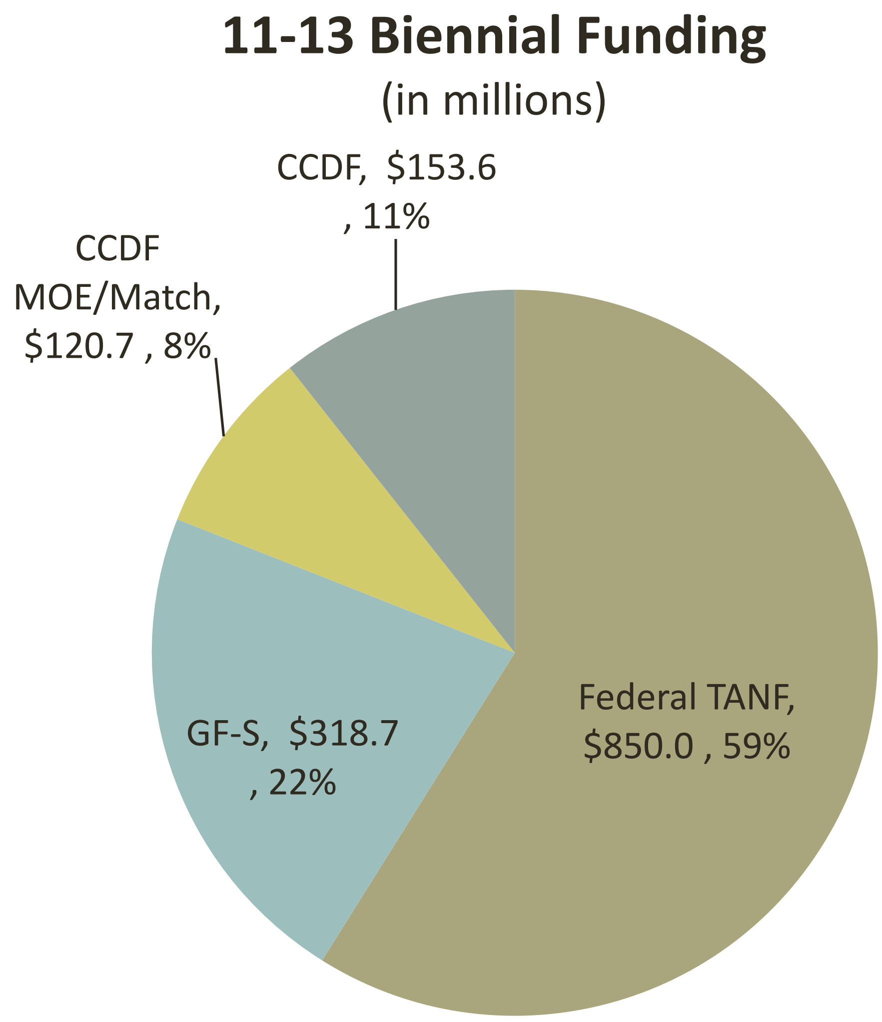
- Aid to Families with Dependent Children (AFDC) was originally created as a federal entitlement in 1935.
- In 1996, Congress passed the Personal Responsibility and Work Opportunity Act, which drastically restructured the program and renamed it the Temporary Assistance for Needy Families (TANF).
- The federal resources were changed from an entitlement with matching funds from the state and federal government to a federal block grant which does not change in relation to caseload.
- The imposition of lifetime limits and work requirements resulted in a significant decline in the caseloads. States were allowed to reinvest caseload savings into new programs. Washington uses TANF funds to pay for the Working Connections Child Care (WCCC) program and WorkFirst activities. WCCC is also funded with the Child Care Development Fund (CCDF) federal block grant.

The TANF "Box"


WorkFirst
TANF
Child Welfare
Child Care
Administration
Federal TANF
General Fund State
Federal CCDF
Other
Expenditures
Funding

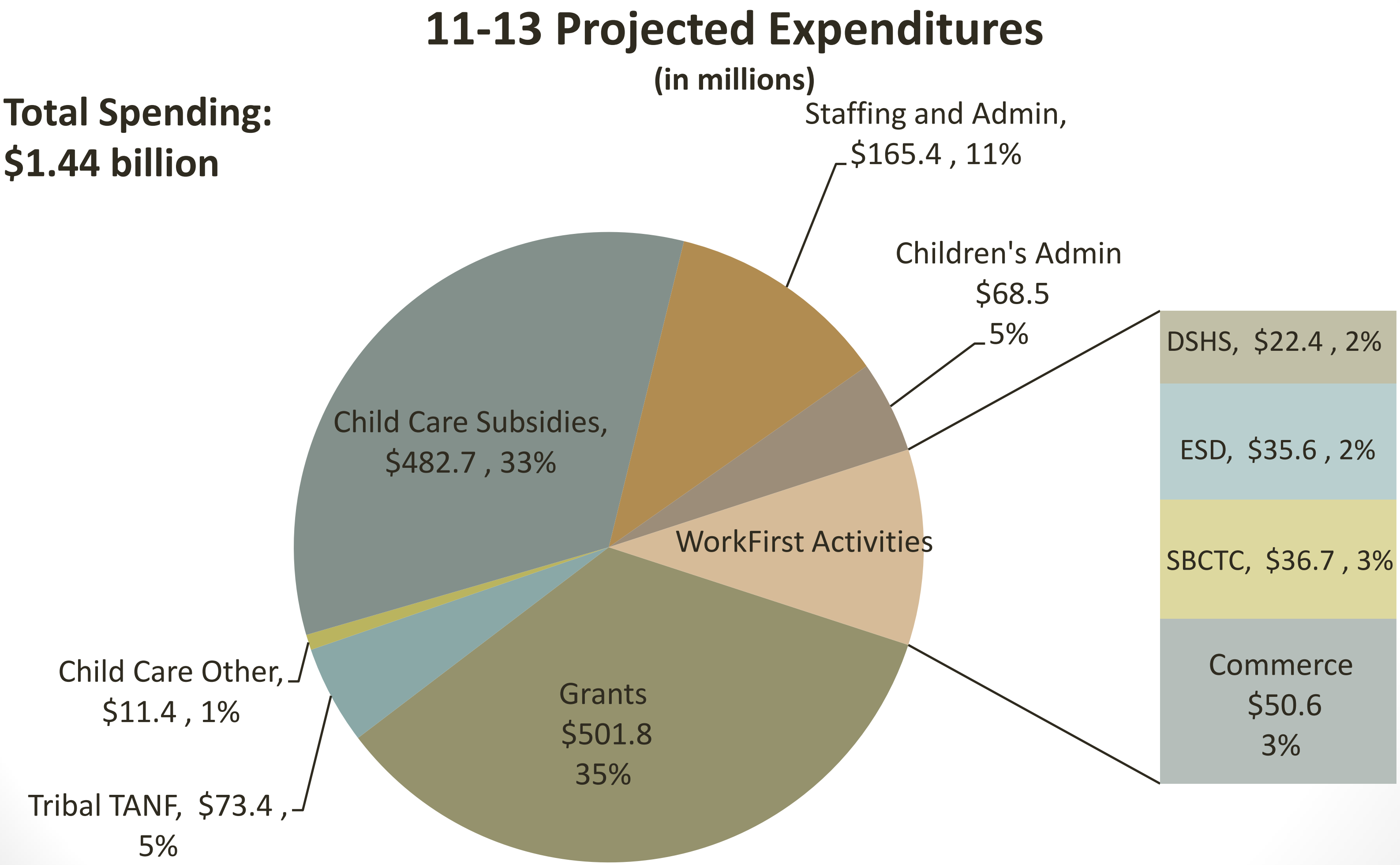
Federal resources make up the bulk of program funding

Total Funding:
$1.44 billion



Cash grants and child care subsidies make up the majority of expenditures

Total Spending: $1.44 billion



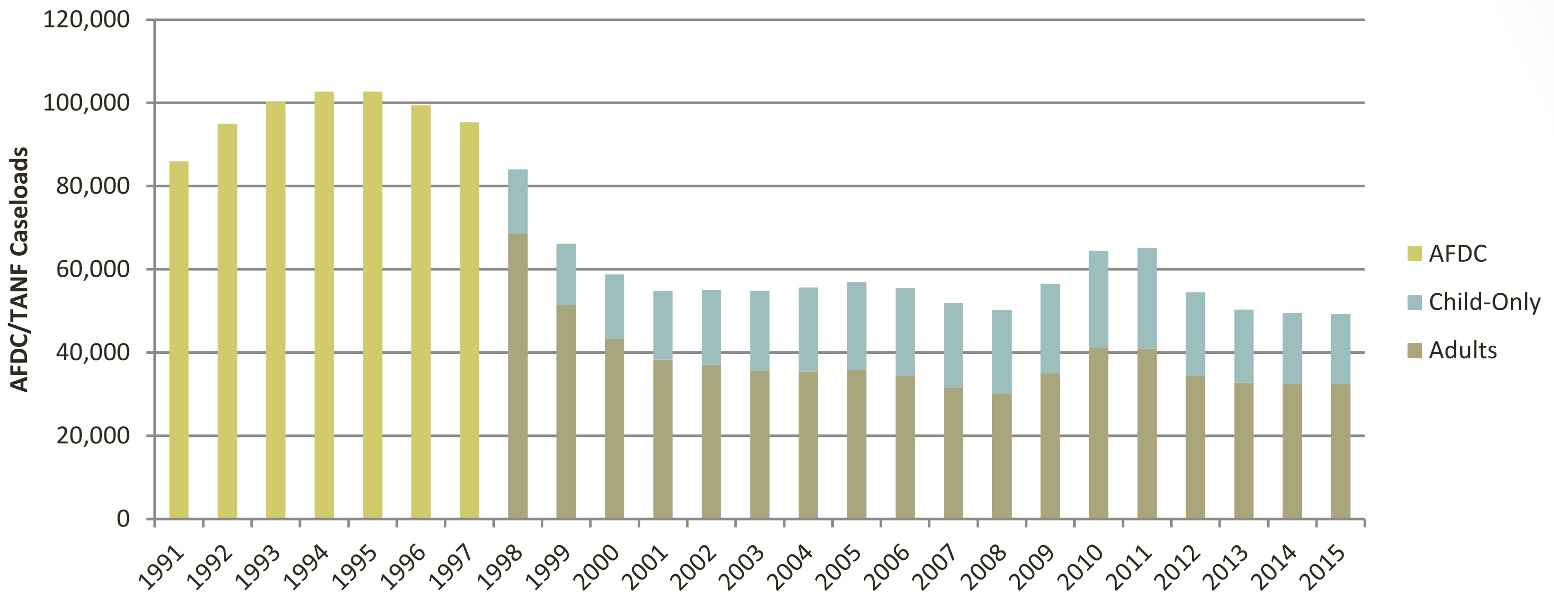
TANF Eligibility and Benefit

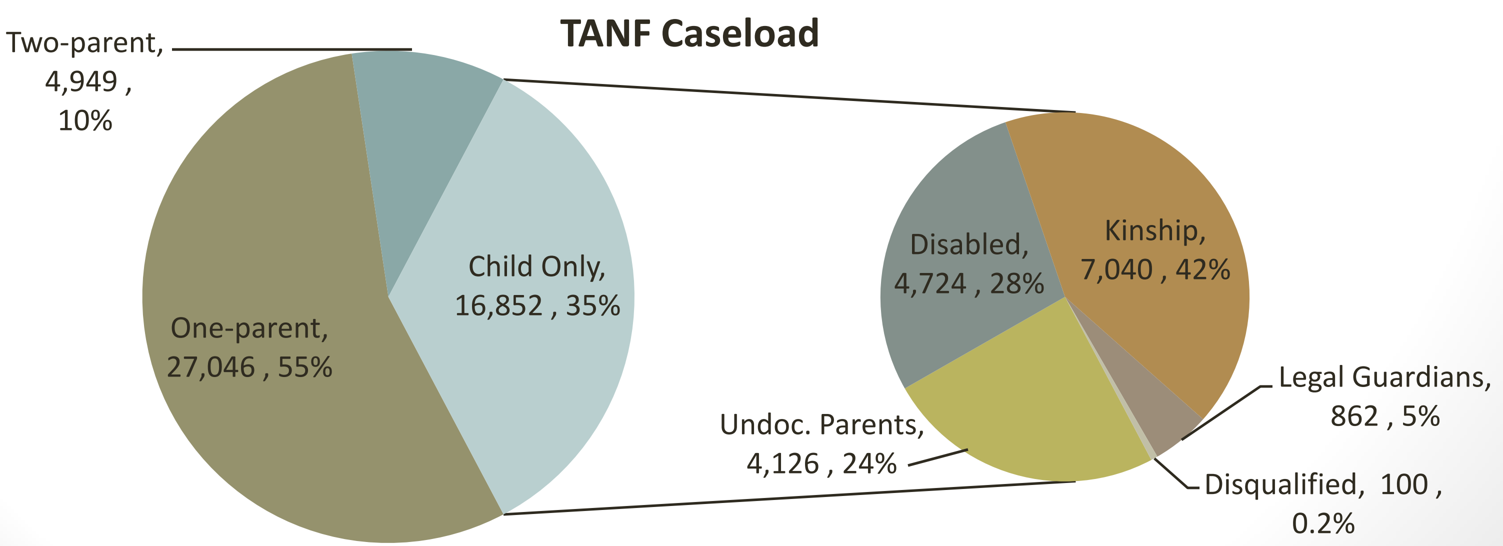
- TANF provides cash assistance to families who are citizens, have at least one child or are pregnant, and who income qualify. Half of the income earned by TANF clients is disregarded when determining the amount of their grant.
- A family of three with no income would receive a monthly TANF grant of $478.

Number of Family Members	Maximum Grant (if paying shelter costs)	Number of Family Members	Maximum Grant (if paying shelter costs)
1	$305	6	$736
2	$385	7	$850
3	$478	8	$941
4	$562	9	$1,033
5	$648	10 or more	$1,123

Grants are discounted if the family is earning income or does not have to pay for shelter.

TANF caseloads continue to decline

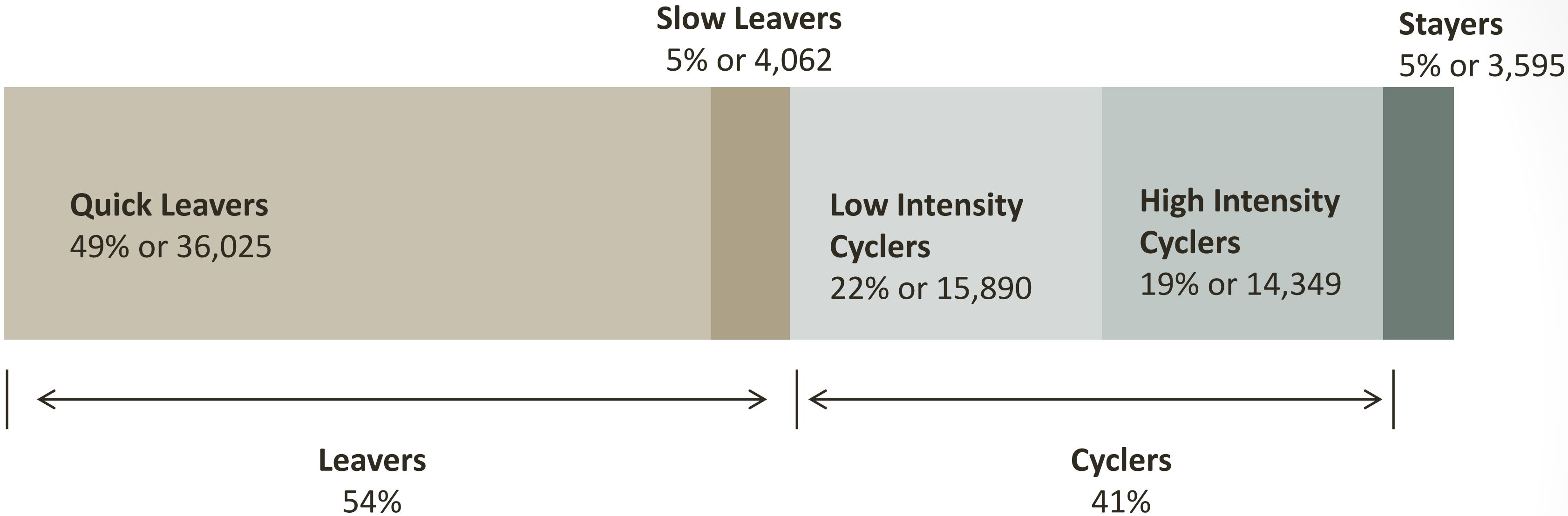




TANF Families

- In SFY 2012, children represented 69% of the TANF caseload Average 87,690 children per month
- 45 percent of TANF adults are between 21-29 years old
- 31 percent do not have a high school diploma or GED
- 67 percent have one or two children under age six
- Median stay on TANF is 17 months

The majority of TANF clients leave the program and do not return



- **54% Leavers**: Exit the program and do not return during the 36 month follow-up. Quick leavers exit within 12 months. Slow leavers exit after more than 1 year.
- **41% Cyclers**: Exit & re-enter the program. Low-intensity cyclers spend no more than 12 months on TANF in the 36 month follow-up period. High intensity cyclers spend more than 12 months on TANF during the follow-up period.
- **5% Stayers**: receive TANF continuously for 36 months or more.

Data Source: DSHS RDA 2010

Leavers, Cyclers, Stayers

Leavers

Employment:
Quick Leavers over 50 percent
Slow leavers under 50 percent

Quick leavers show greatest wage progression over time

Education:
Quick leavers are the most likely to have a high school degree or some college: 70 percent

Demographics:
Twice as likely to have a teenager in the household

Quick leavers are less likely to be admitted to the hospital, ER or be treated for injuries

Quick leavers have the lowest rate of receiving a mental health diagnosis or medication: 48% over the 5 year study period

Slow leavers and stayers have the highest rate of mental health diagnosis: 73%

Cyclers

Employment:
Employment rates at or above quick leavers

Earnings remain flat over time

Education:
Over 40 percent of high intensity cyclers have less than a high school degree

Demographics:
Are more likely to be under the age of 25 and have young children

High intensity cyclers have the highest rates of alcohol/drug problems

Stayers

Employment:
Lowest employment rate
Drop in employment from 40% in FY 2007 to 21% in FY 2009

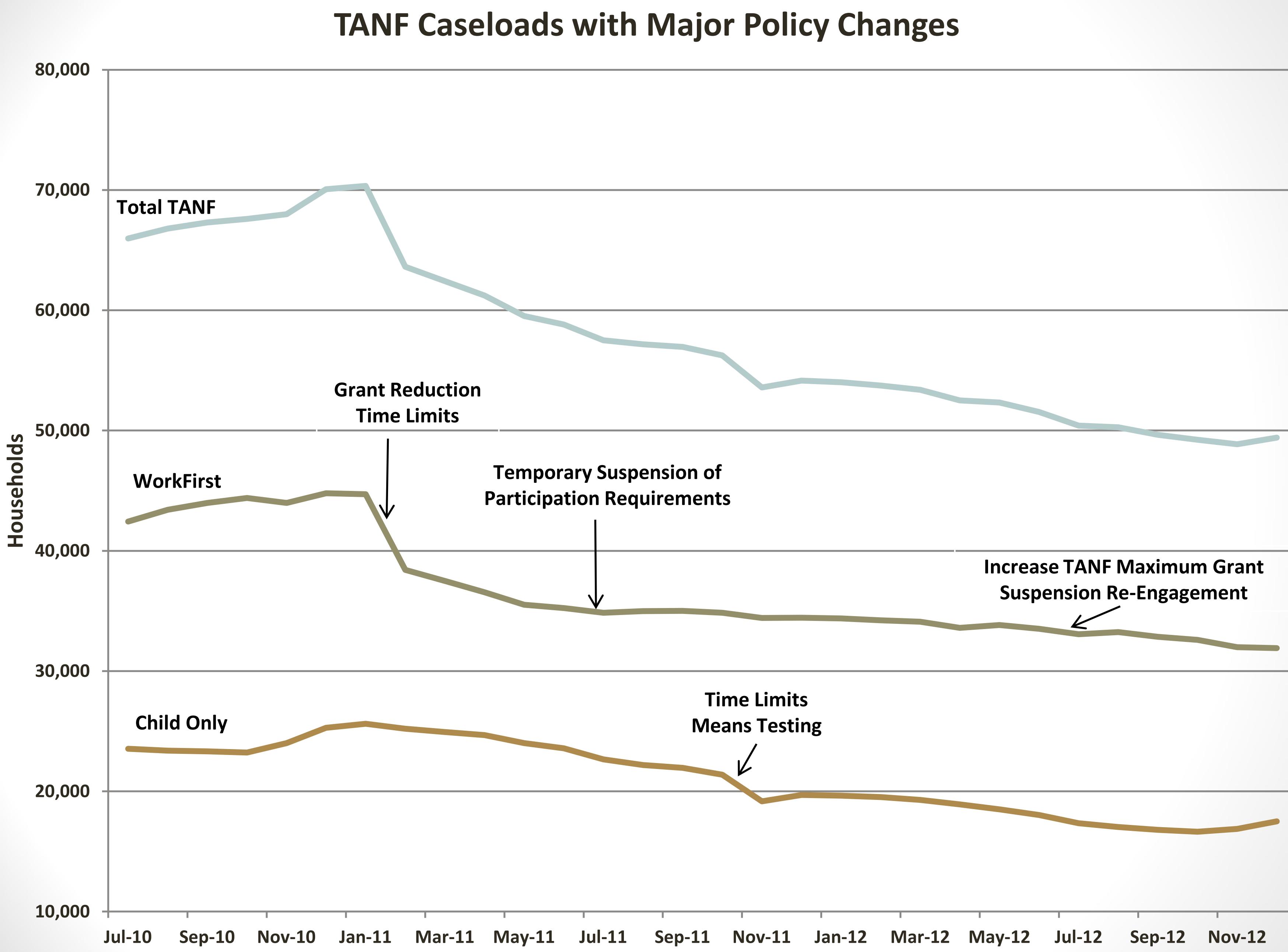
Earnings declined over study period

Education:
Like high intensity cyclers, over 40 percent of stayers do not have a high school degree or GED.

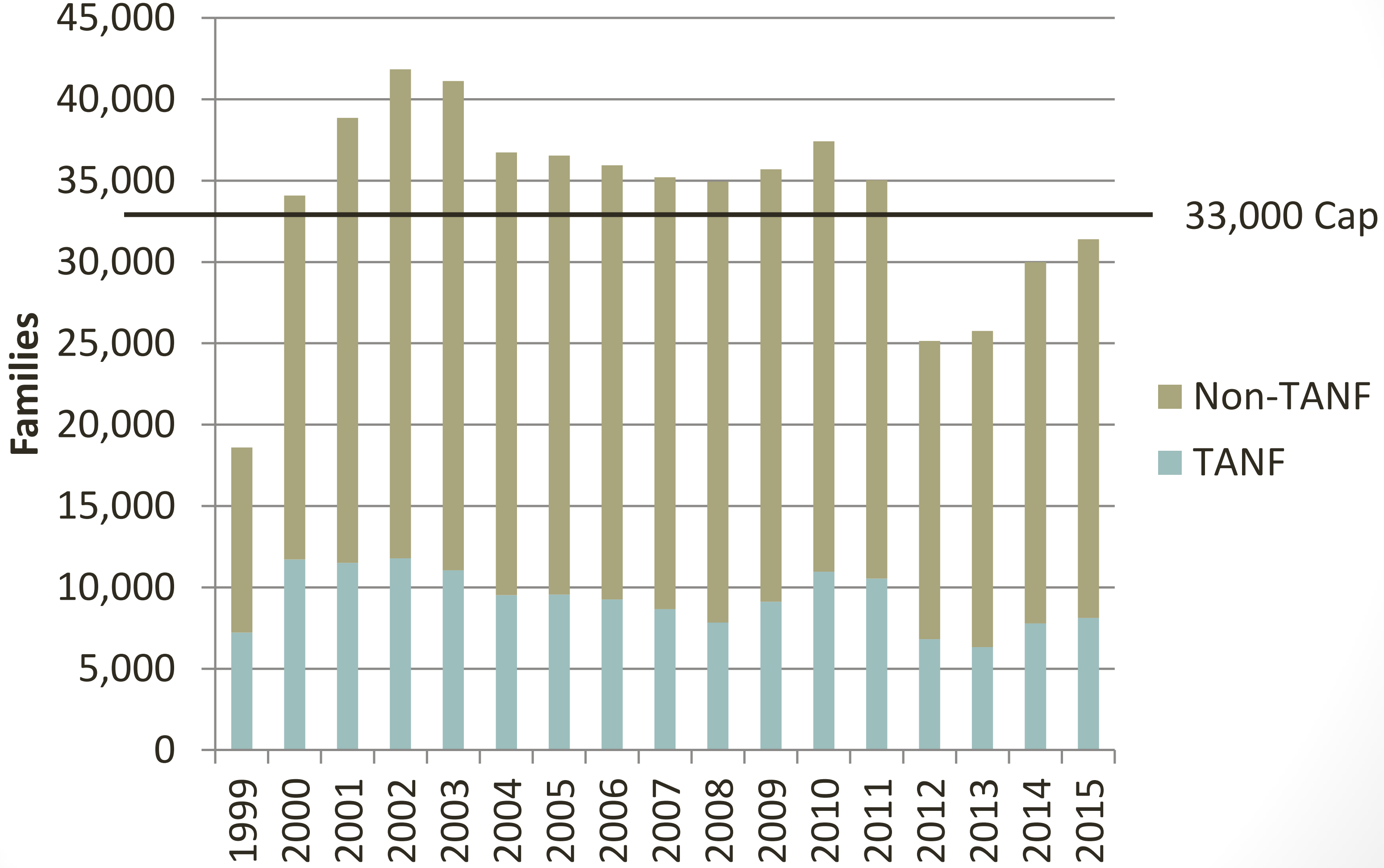
Demographics:
More likely to be female and a single parent

Tend to have more children and reside in King or Pierce counties

Much more likely to have substance abuse/mental health issues, temporary or chronic health conditions, be caring for a child or adult with special needs and experiencing family violence

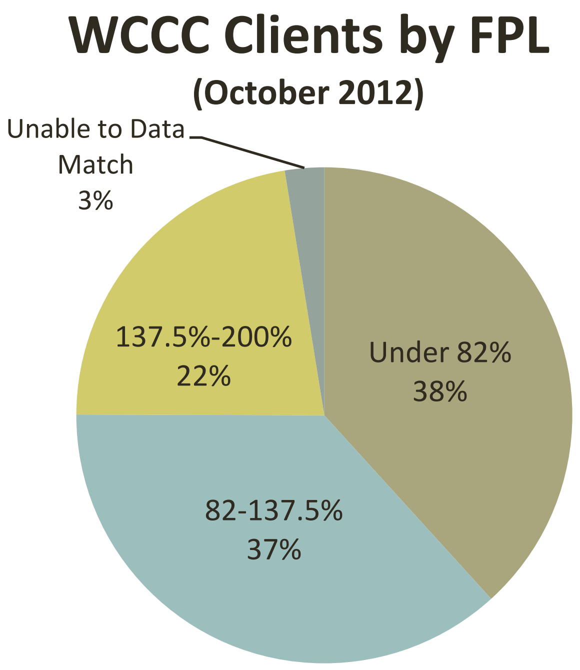

TANF Caseloads with Major Policy Changes
Households
80,000
70,000
60,000
50,000
40,000
30,000
20,000
10,000
Total TANF
WorkFirst
Child Only
Grant Reduction
Time Limits
Temporary Suspension of
Participation Requirements
Increase TANF Maximum Grant
Suspension Re-Engagement
Time Limits
Means Testing
Jul-10
Sep-10
Nov-10
Jan-11
Mar-11
May-11
Jul-11
Sep-11
Nov-11
Jan-12
Mar-12
May-12
Jul-12
Sep-12
Nov-12

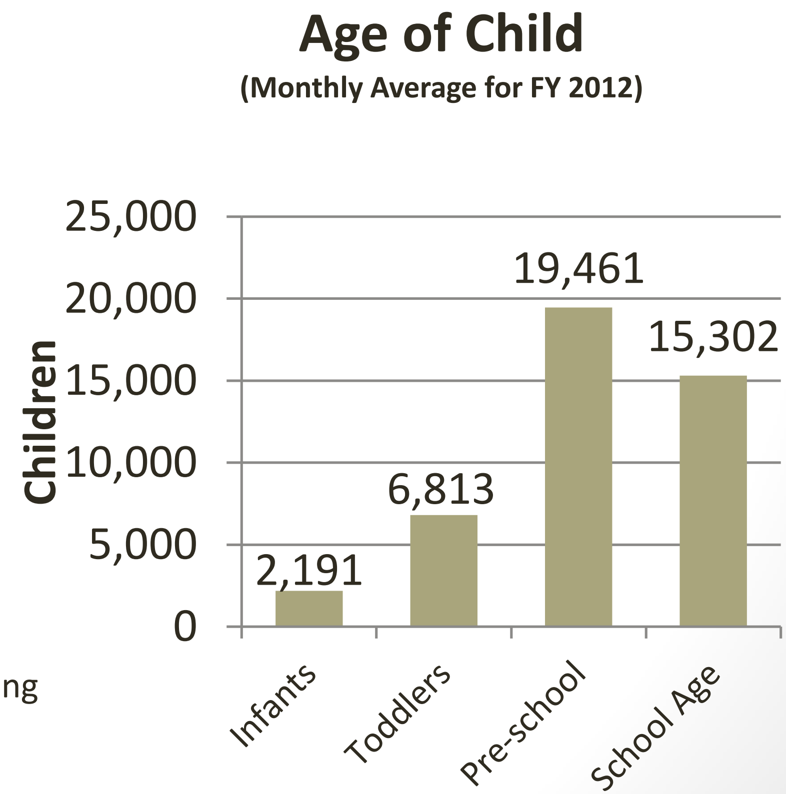
WCCC Caseload



WCCC Demographics

- As of August 2012, only 11.4 percent of the WCCC clients were also on TANF. This represents a decline from August 2010 when the percentage was 16.8 percent.
- In analysis of clients on WCCC in 2011, 65 percent had experienced time on TANF

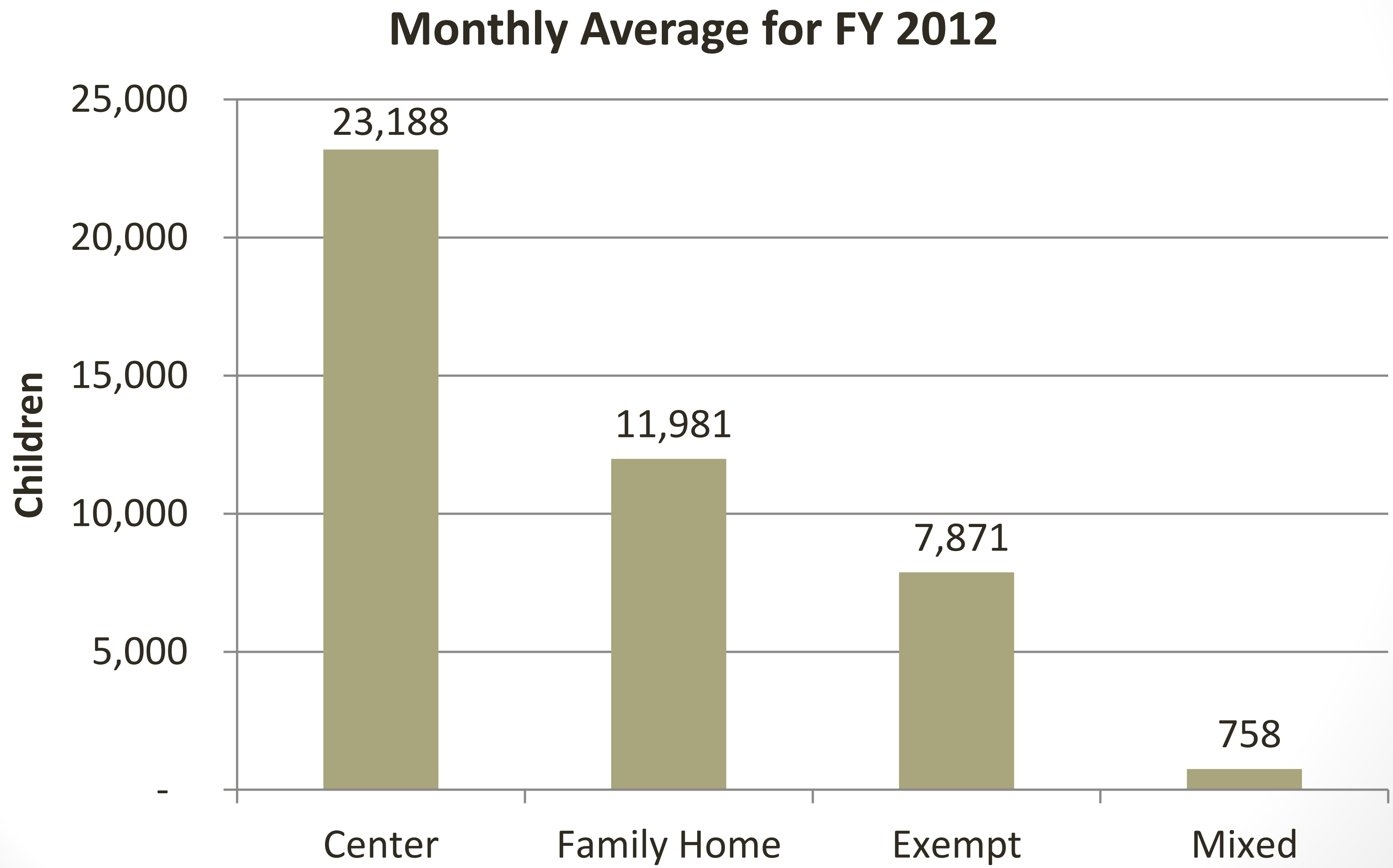




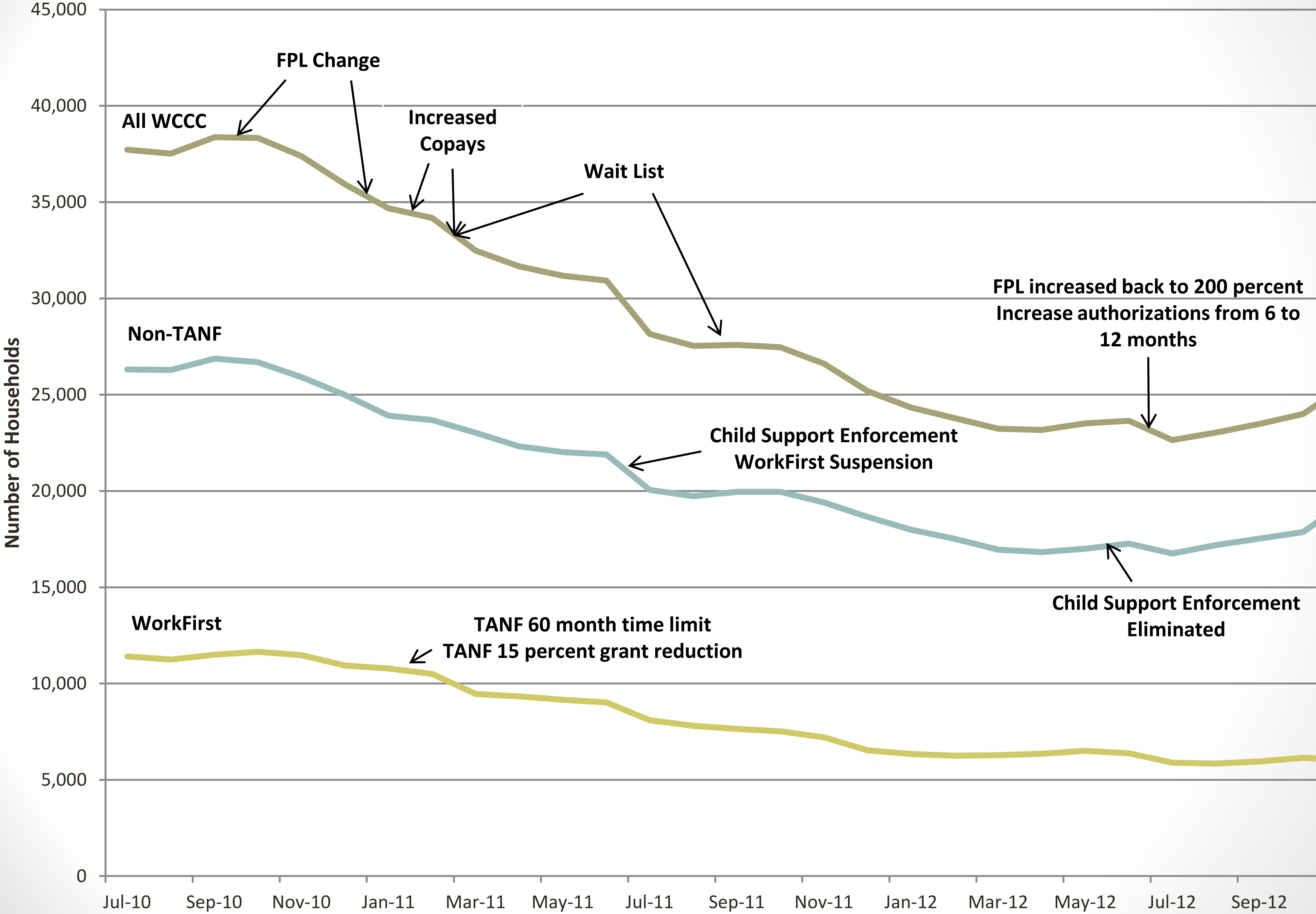
In October 2012, the majority of WCCC clients were earning under 137.5%of FPL

983 households (4%) were between 175 and 200% of FPL.

WCCC Care by Provider Type



Working Connections Child Care Caseloads with Policy Changes



Child Care Audit Findings

- The 2011 audit examined a small sample of high risk providers, which identified more than $2.6 million in overpayments and $241,000 in questionable payments.
  - In this audit, a single provider accounted for more than $2 million of the overpayments. This case has been referred to local prosecutors.
- The 2012 audit looked at a statistical sample of payments so that conclusions may be drawn about the entire population of providers and payments.
  - In the sample, actual overpayments totaled $1.6 million (18% of sample) and questionable payments totaled $2.9 million (30%).
  - If extrapolated to the entire population, overpayments would make up $46 million (20%) of the licensed provider payments. Among unlicensed providers, that percentage more than triples: $27.6 million or 68% in estimated overpayments.
- In addition, 34 of the 47 providers examined had more children than for which they were licensed. Of the 34 providers, half were over capacity for 4 hours or more.

Governor’s Budget

- Recognizes projected $86.6 under expenditure within the program primarily related to caseload savings

- Increases spending for:
  - Career Services: $9.2 million
  - State Board for Community and Technical Colleges: $7.9 million
  - Limited English Proficiency pilots: $5 million
  - Other items (EBT, PRISM, Eligibility): $2.4 million
  - Restore WorkFirst Reduction: $1.5 million

- Reduces WCCC cap from 33,000 to 30,000
  - Saves $14.4 million in FY 2015

- Sets aside a 3 percent caseload contingency ($13.4 million)

- Removes $40 million in GF-S from the “box”.